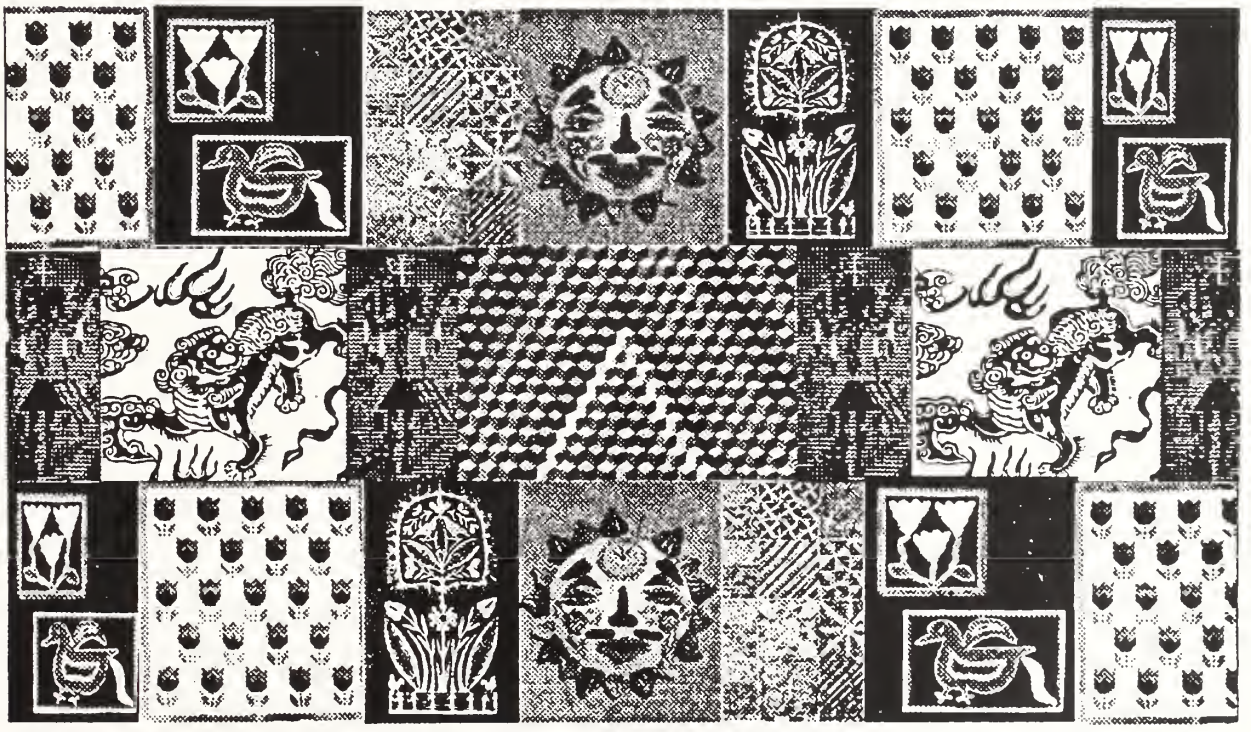
Community Foundation Arts Initiative



National Endowment for the Arts
Expansion Arts Program

NATIONAL ENDOWMENT FOR THE ARTS EXPANSION ARTS PROGRAM

COMMUNITY FOUNDATION ARTS INITIATIVE

Program Assessment
Report
April 1, 1984 - September 30, 1989

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Prepared by

BEATON & COMPANY INTERNATIONAL

New York • Chicago • Sarasota, FL

FOREWORD

When I decided to begin a collaborative program with community foundations in 1983 I had no idea where to begin. I knew that there were nearly 300 of them at the time, that they were to be found all over the country, some in places where there was almost no organized philanthropy. I had heard that community foundations were wonderful instruments of charity, that they were like banks for donors, places where one could invest one's money in the social good.

But how to identify the most appropriate community foundations for the development of endowed field of interest funds in the arts, and how to shape such a program was beyond me. In such circumstances the only thing to do is find the smartest and best informed people in the field and seek their advice.

The first of these was the author of this study, Joy Beaton, who was then with the Chicago Community Trust. The Trust was looking for a means of funding emerging arts organizations and Joy convinced Bruce Newman, the Chicago Community Trust's Director, to join with the Arts Endowment, the Chicago Council on Fine Arts and the MacArthur Foundation in an arts support program involving federal, municipal and private money. Bruce admonished me to let that project be the beginning of a wider initiative.

But how? Joe Krakora, who was with the nascent President's Committee on the Arts and Humanities intervened, and introduced me to Lois Roisman. Ms. Roisman coordinated the Council on Foundation's activities with community foundations and she proved to be an encyclopedic guide to this fascinating network of public charities. Cathy Nelles Edge was invigorating the field for the Mott Foundation, and she spent a lot of time with me during this period. Two authorities whose work I read became participants in the first round: Jack Shakely of the California Community Foundation and Eugene Struckhoff of the Baltimore Community Foundation, two of the wisest heads in the field of philanthropy.

As always, programs most often work or fail because of people who get no credit at all. Let me ascertain that this not be the case of at least three people: Pennie Ojeda was the coordinator during that first formative year of the Community Foundation Initiative. Dinah I. Walls brought it the rest of the way. And E'Vonne C. Rorie created the efficient environment that the Initiative needed to flourish; it was she whose idea this publication was.

A.B. Spellman
Director
Expansion Arts Program

National Endowment for the Arts
Expansion Arts Program
Community Foundation Initiative

Program Assessment Report

"Government is there to help those things that might not happen in sufficient degrees. It seems to me that government should strengthen those things that make a difference, that are not being done." Chairman, Frank Hodsoll, September 7, 1984, Providence Journal.

In communities across the country arts groups of lesser known reputation and fundraising capability have traditionally lacked access to the private philanthropic resources of foundations, corporations and major individual donors. Culturally diverse, numerous in number and vital to the fabric of a healthy local arts community, these emerging arts groups are often bypassed by traditional private philanthropic sources in favor of higher profile gifts to larger more established and dominant cultural institutions. Opportunities to preserve or advance diversity in local cultural communities have consequently been restrained by pre-existing patterns and prioirities for local arts giving.

It is among these smaller or medium sized 'emerging' arts groups in every local community that the multi-cultural expressions of Black-Americans, Latin-Americans, Asian-Americans, Native American and other difined enthnic groups struggle to survive and thrive. Although the work of these 'expansion' arts groups significantly expands the definition of American art and aesthetics, it too has been overlooked by local private philanthropy.

Respecting the needs and essential contributions made by emerging and expansion art groups to the evolution and cultural diversity of the American art scene, the National Endowment for the Arts, Expansion Arts Program began in 1983 to work to open the doors of traditional philanthropy to these arts groups. Based on consultation with the President's Commission on the Arts and Humanities and members of the Council on Foundations (the leading trade association of representatives of corporate and foundation giving programs in the U.S.), the Endowment elected to explore opportunities for increasing private support in collaboration with the fast growing field of over 350 community foundations.

Unique, flexible and locally accountable public charities, community foundations presented the Endowment with a means of unusual financial potential and leadership with which to work. Representing a union of endowment gifts contributed by many donors over time, community foundations clearly enjoyed relationships with multiple donors with wide and varying charitable community interests. Receptive and dedicated to meeting the broad charitable needs of their communities, the mission of this type of foundation appeared to be eminently well suited to embrace the interests of the Endowment on behalf of emerging and expansion arts groups.

Established in 1984 during the Chairmanship of Mr. Francis Hodsoll and under the auspice of the National Endowment for the Arts, Expansion Arts Program, the Community Foundation Initiative was launched to stimulate the development of endowed restricted funds within community foundations for the support of small and medium-sized arts

organizations of demonstrated artistic quality. The Expansion Arts Program, a division of the Endowment, assists professionally directed arts organizations of high artistic quality that are deeply rooted in and reflective of a culturally diverse, inner-city, rural or tribal community. Expansion arts support is provided principally to arts groups of African, Latin, Asian, Native American or other defined ethnic background or origin. Support is also provided to inner city organizaitons that are located in urban settings and whose primary mission is to serve low-income communities of any racial or ethnic type. Support for rural arts is provided to communities that are geographically and culturally isolated, generally of low economic status and concerned with indigenous art of the area.

The Community Foundation Initiative, an activity of the Expansion Arts Program supports both emerging and expansion arts organizations of all kinds. It, however, gives special emphasis to artists and arts organizations in local communities from among African, Latin, Asian, Native American and other defined ethnic cultures, but does not limit eligibility in the program to only these groups.

The Community Foundation Initiative offers grants to community foundations for up to four years. Grants require a match of $2 for each federal grant dollar and participants are obligated to submit annual reports and re-apply each year for up to a maximum of four years participation. Matching funds provisions virtually require community foundations to access and mobilize multiple new donors on behalf of local emerging and expansion arts groups. Other provisions of the program also work to involve community foundations in complementary working relationships with local public or private arts agencies with experience in arts administration and technical assistance.

By creating restricted permanent funds for the support of emerging arts organizations, the Endowment has sought to enable community foundations to respond to the needs of emerging arts organizations that tend to have limited resources and frequently do not have the sophisticated managerial capability for major fundraising. The Community Foundation Initiative serves as a catalyst to establish these locally administered endowment funds. Earnings from the funds enable participating foundations to assist in the cultural development of culturally diverse, inner city, rural and other defined ethnic communities using a granting process guided by a local advisory panel(s). By establishing permanent funds within community foundations, the Endowment also seeks to enable community foundations to attract additional donors who otherwise would have no programmatic means of contributing to this field.

Nearly six years after its creation, the Community Foundation Initiative continues to register impressive fund-raising successes, having established $10.6 million in permanently restricted endowments for the benefit of emerging and expansion arts groups by matching $3.55 million in federal dollars with more than $7.1 million from other local, private and public sources. It has also dramatically changed the future financial outlook for many emerging and expansion artists and arts organizations by building new restricted endowments that will be of lasting long-term benefit in 27 locations across the country.

In November 1988, the Expansion Arts Program of The National Endowment for the Arts engaged the independent consulting firm of Beaton & Company International to document, assess and make recommendations for improved local and federal management of its Community Foundation Initiative Program (CFI).

Data on community foundations participating in the Initiative was gathered through on-site visits with the Endowment and the 10 community foundations having finished or most nearly completed participation in the program. Telephone interviews were conducted with all other sites. Information was collected on community foundation grantmaking, fundraising, technical assistance and restricted endowment investment practices by

introducing the use of new Interim and Final Report Forms to better survey and measure site performance. Assisting Beaton & Company International in conducting site evaluations were Ms. Maxine Brown, former Expansion Arts Program Panelist and Executive Director of the Foundation for Women, Knoxville, Tennessee, Mr. John Kriedler, Senior Program Officer, The San Francisco Foundation, and Mrs. Judith Thornberg, Senior Program Officer, The Chicago Community Trust.

This report presents major findings of the assessment and recommendations for consideration in overseeing the continuation of the program which is projected to build $16 million in new and permanent restricted endowment funds within community foundation by the year 1992. Statistical findings in the report are based on community foundation self-reported figures for the first ten foundations (Rounds I & II) which participated in the Community Foundation Initiative (CFI).

I. IMPACT ON ARTS ORGANIZATIONS AND ACTIVITIES

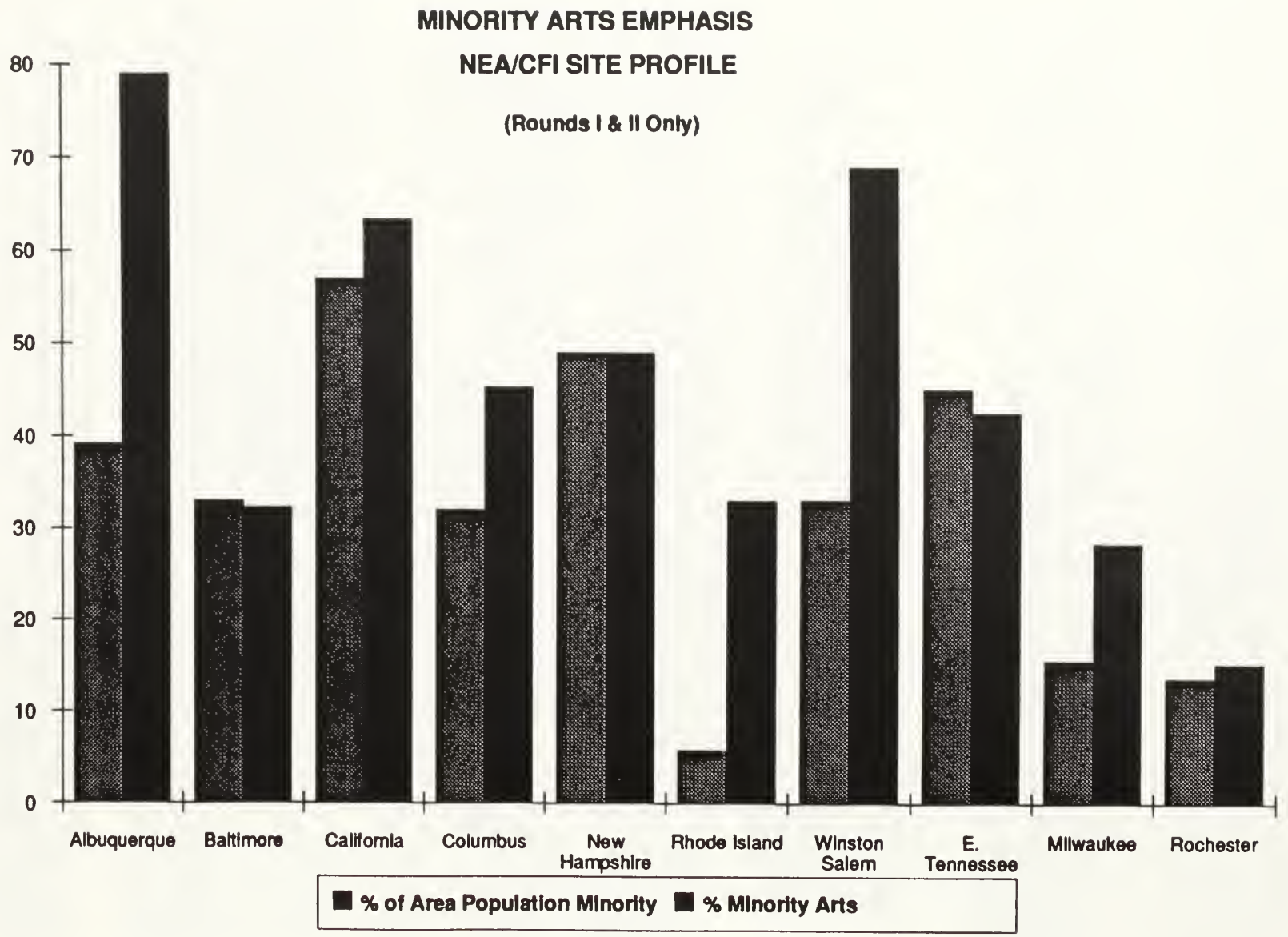
The CFI Program has provided a large and diverse number of emerging and expansion arts organizations with increased access to new and permanent sources of local arts funding that have the perpetual ability to respond to their needs.

Since 1985, the CFI has resulted in over 800 grants to individual artists and arts organizations. The program has also involved approximately 300 representatives of expansion arts organizations, individual artists, administrators, civic and business leaders and donors in the work of new and permanent local review panels established as advisory bodies to community foundations as a requirement of the program.

These review panels have enlisted many local artists and arts leaders for the first time in direct dialogue with community foundations to develop criteria, guidelines and policies for reviewing local grant applications and making grant award recommendations. While final authority and accountability for the distribution of funds rests with community foundation staff and boards, the role of local review panels has enabled representatives of emerging and expansion arts organizations to inform and influence the grantmaking of some of the country's leading and fastest growing community foundations operating in a variety of culturally diverse communities and rural areas.

In most CFI locations review panels have carried the diversity, vitality and grant worthiness of emerging and expansion arts organizations into the board rooms of foundations to receive consideration often for the very first time. A unique feature of the CFI program, review panels serve as permanent advisory committees to the decision making process of community foundations with the perpetual ability to guide the use of CFI funds. By requiring that the composition of local review panels include representatives of emerging and expansion arts constituencies, the CFI has also helped direct and dramatically increase the amount of philanthropic attention and resources devoted to the cultural development of emerging arts organizations in various ethnic and rural arts communities.

This "special emphasis" on support for "expansion arts" represented 66% of all CFI grants made. More significantly the percentage of grants made to expansion arts organizations in each CFI locale generally exceeded the percent of racial minorities reported for local area population.


MINORITY ARTS EMPHASIS
NEA/CFI SITE PROFILE
(Rounds I & II Only)
80
70
60
50
40
30
20
10
0
Albuquerque
Baltimore
California
Columbus
New Hampshire
Rhode Island
Winston Salem
E. Tennessee
Milwaukee
Rochester
% of Area Population Minority
% Minority Arts

MINORITY ARTS EMPHASIS
NEA/CFI SITE PROFILE

(Rounds I & II Only)

Round	Site	% of Area Population Minority	% Minority Arts*	Variance
I	Albuquerque	39.2	79	39.80
I	Baltimore	33	32.28	-0.72
I	California	57	63.4	6.40
I	Columbus	32	45.3	-13.30
I	New Hampshire	49 (Rural)	49	0.00
I	Rhode Island	5.8	33	27.20
I	Winston Salem	33	69	36.00
II	E. Tennessee	45 (Rural) 14.6 (Minority)	42.5	-2.50
II	Milwaukee	15.5	28.3	12.80
II	Rochester	13.6	15.2	1.60

* Figures are based on reported grants to minority arts organizations only and do not include grants for other expansion arts activities or organizations.

Funding of expansion arts organizations represented 49% of total grants compared to 17% for expansion arts programming and activities and 34% for support of small and mid-sized emerging arts organizations of more mainstream traditional or contemporary aesthetic mediums.

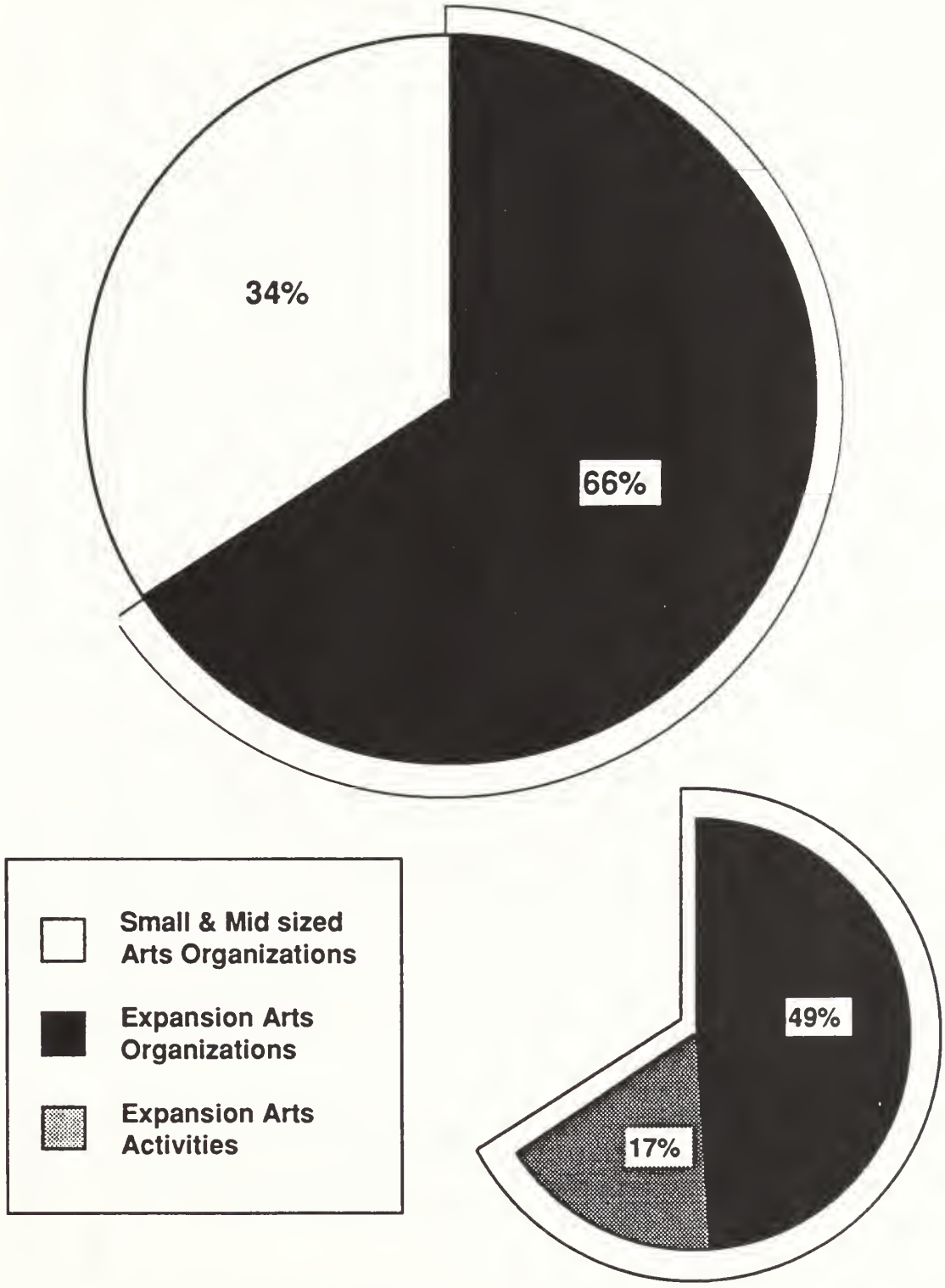
Among expansion arts constituencies CFI local grants predominately supported Black arts organizations and artists (23.7%) followed by Hispanic (9%), Asian (4%) and Native American Indian (1%) groups.

Rural arts and inner city agencies each received 9% of total funding, multi-cultural 26%, and "other" groups (including feminist, handicapped, gay and senior arts organizations) 7.7%.

Types of support made available through local subgranting procedures are largely determined by local review panels in collaboration with community foundation staff and in consultation with other local arts councils or relevant arts funding organizations. Patterns of support evident among community foundations that have most nearly completed four years in the program indicate that approximately 3/4's of all subgrants were used to fund three categories of support: program (58%), individual artist fellowships (12%) and management assistance (12%). Local challenge grants awards made by one foundation represented an additional 7% in support of program and/or management assistance. Only 6% of total grants were made to support training and outreach. One percent (1%) or less of total funding was allocated for space, equipment, endowment, scholarships or other types of support.

Grant awards ranged in size from $300 to $10,000 for an average of $3,230.

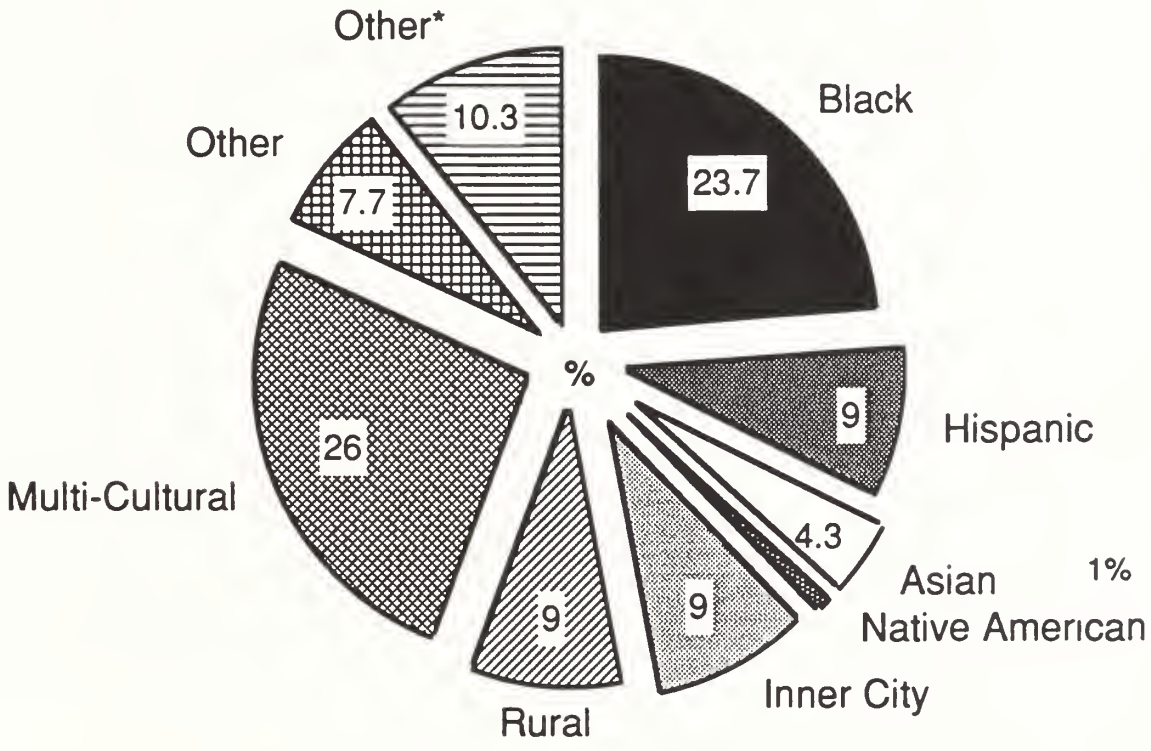
% OF TOTAL NEA/CFI GRANTS SUPPORT TO EXPANSION ARTS



NEA/CFI % OF TOTAL GRANT SUPPORT FOR EXPANSION ARTS ORGANIZATIONS & ACTIVITIES (# / $)

Rnd Site	Grants To Ex. Arts Organiz.		Grants To Ex. Arts Activities		Total CFI Sub-Grants Awards	Total Ex. Grants # / $		Ex. Arts Total %
I Albuquerque	27	95,000	11	25,000	120	38	120,000	79%
I Baltimore	11	51,650	16	66,458	160	27	118,108	73.8%
I California	99	253,650		N/A	400	99	253,650	63.4%
I Columbus	17	68,000	0	0	150	17	68,000	45.3%
I New Hampshire	34	98,000	1	2,000	200	35	100,000	50%
I Rhode Island	43	66,198	62	91,845	200	105	158,043	79%
I Winston-Salem (3 Yrs. Only)	16	104,040	1	2,500	150	17	106,540	71%
I E. Tennessee	17	51,000	19	40,000	120	36	91,000	75.8%
I Milwaukee	16	29,750	52	37,750	105	68	67,500	64.3%
I Rochester	9	11,400	16	16,700	75	25	28,100	37.5%
TOTAL	287	828,688	178	282,253	666 1,680	467	1,110,941	
% OF TOTAL		49%		17%	100%		66%	

NEA/CFI SUB GRANTS BY ETHNICITY



* Small & mid sized emerging arts groups

NEA/CFI SUB GRANTS BY ETHNICITY
(# / $)

Rnd	Site	Black		Hispanic		Asian		Nat. Amer.		Totals CFI Grant Awds.	Ethnicity $	Ethnicity #	Ethnicity %
I	Albuquerque	4	15,000	14	51,480			4	6,020	120	72,500	22	60.4%
I	Baltimore	11	64,253							160	64,253	11	40.2%
I	California	47	112,650	21	62,000	26	67,500	5	11,500	400	253,640	99	63.4%
I	Columbus	7	37,500							150	37,500	7	25.0%
I	New Hampshire	1	4,690							200	4,690	1	2.3%
I	Rhode Island	22	32,183	17	29,712			1	2,000	200	61,895	40	30.9%
I	Winston-Salem	12	86,110							150	86,110	12	57.4%
I	Atlanta												
I	E. Tennessee	4	15,500							120	15,500	4	12.9%
I	Milwaukee	11	21,000	3	4,750	3	4,000			105	29,750	17	28.3%
I	Rochester	3	9,640	2	5,000	1	1,000			75	12,640	6	16.9%
TOTAL # / $		122	398,526	57	152,942	30	72,500	10	19,520	1,680	643,488	219	38.0%
TOTAL %			23.7%		9%		4.3%		1%				38.0%

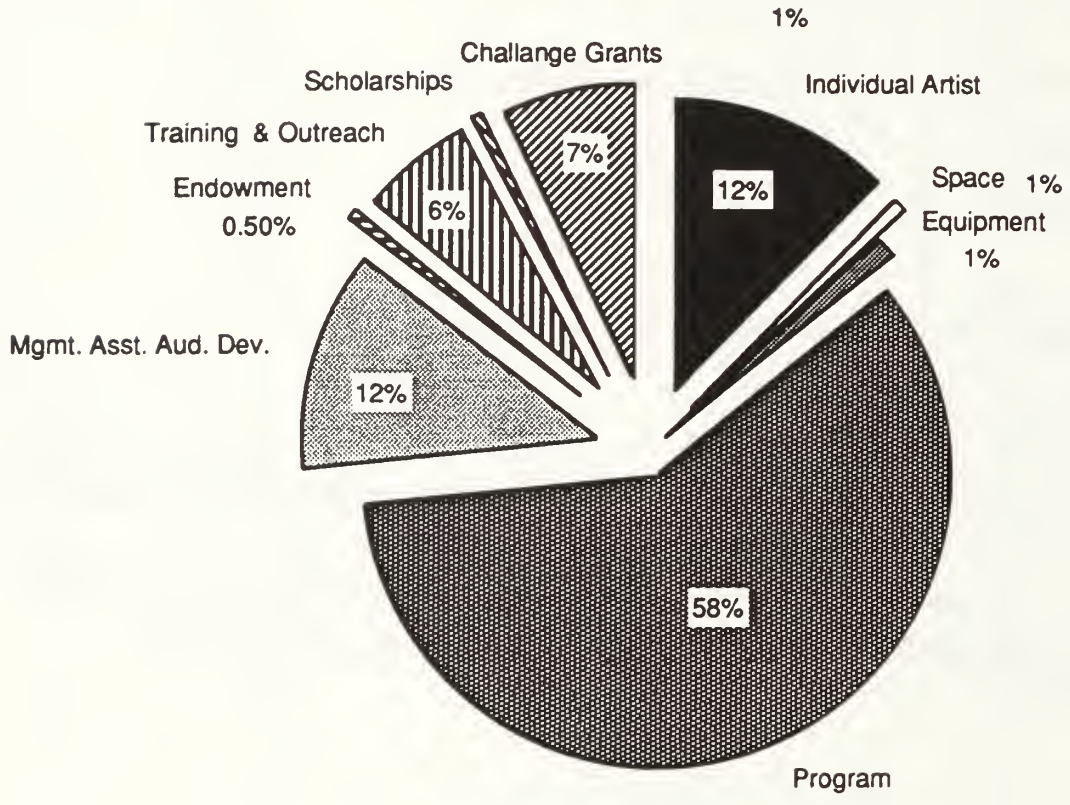
NEA/CFI SUB GRANTS BY ETHNICITY
(# / $)

Rnd	Site	Inner City		Rural		Multi-Cultural		Other*	
I	Albuquerque	13	42,000					2	5,000
I	Baltimore	16	66,458						
I	California	4	8,500			4	12,000	15	35,500
I	Columbus	1	75,000					5	38,000
I	New Hampshire			33	93,310				
I	Rhode Island					22	31,610		
I	Winston-Salem			5	20,430			8	43,460
II	Atlanta								
II	E. Tennessee	1	4,000	14	37,500				
II	Milwaukee	14	25,750						
II	Rochester			1	3,000			4	13,110
TOTAL # /$		49	153,958	53	154,240	26	43,610	34	130,070
TOTAL %			9%		9%		26%		7.7%

* Includes subgrants to feminist, senior, handicapped and gay community arts organizations.

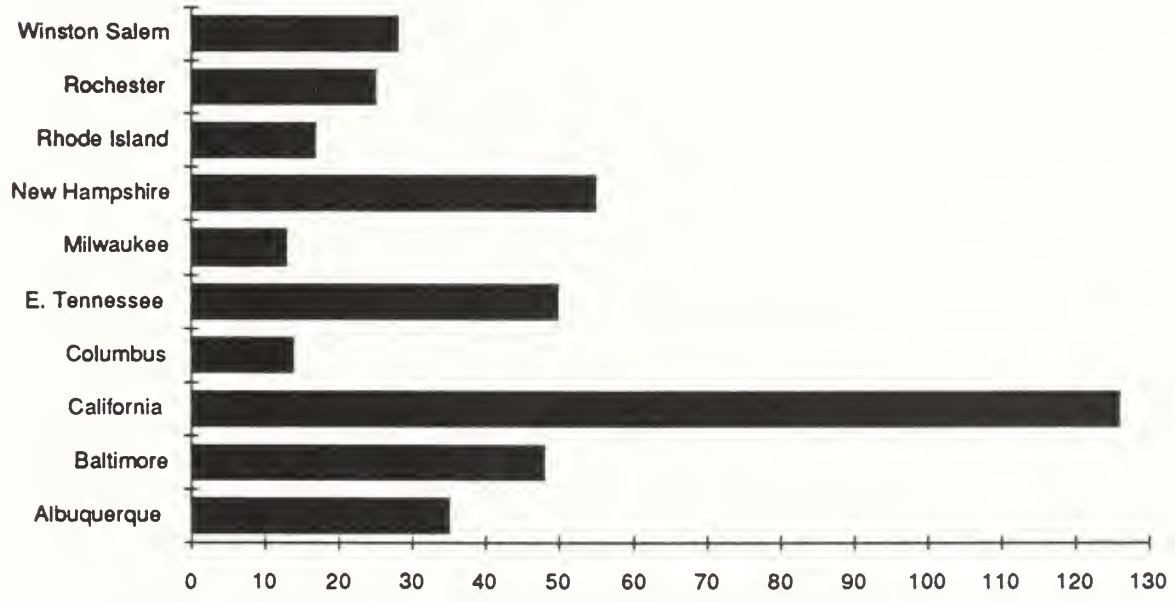
NEA/CFI COMMUNITY FOUNDATION SUPPORT

By Type of Grant



Designed to encourage community foundations to achieve greater diversity and cultural pluralism in their local arts grantmaking, the CFI program generated over 400 first time applicants to local community foundations. Judging from available grant listings up to 287 organizations or 70% of this number were expansion arts organizations, deeply rooted in and reflective of minority, inner city, rural or tribal community cultures.

 # OF FIRST - TIME APPLICANTS TO LOCAL CFI SITES



As a new local "entry level" source of funding for emerging and expansion arts organizations, the CFI program has in the majority of cases funded organizations and individual artists never before reached by existing local or state public funding sources. In doing so it has encouraged greater understanding and appreciation for the value and importance of smaller organizations of lesser known reputation and fewer resources.

The CFI ensures that representatives of emerging arts groups and expansion arts constituencies actively participate in the CFI program on local review panels, as grant applicants and as grant recipients. As a result, community foundations and their local donors have had their exposure, knowledge and connections to these groups increased. Requiring community foundations to differentiate between major arts institutions and smaller or mid-sized organizations has also stimulated greater analysis and community-wide planning for the needs of emerging arts organizations. Consequently, CFI local grantmaking programs have helped communities balance traditional concerns and funding for larger more dominant cultural institutions with a new flexibility and capacity for supporting smaller organizations and greater cultural diversity equally vital to local cultural development.

The CFI program has also focused attention on the artistic and organizational development of emerging and expansion arts groups. According to many local subgrantees, the CFI program has "given credibility and legitimacy to the important role of smaller arts organizations." It has created greater public awareness and provided both "moral affirmation and financial resources." CFI subgrants represented "the largest grant" many

organizations had "ever received." Local agencies were also favorably impressed with the accessibility of community foundation staff and the competence of review panels indicating "they gave us money in areas where we really needed it that were not necessarily popular. Children's concerts are easy to fund. Getting us to the next level of management is not as visible."

For emerging and expansion arts organizations, participation in the CFI program represented the first time many had ever collectively evaluated their needs and interests within the context of a funding initiative that could address their field-of-interest as well as their individual agency interests. In doing so, agencies learned from one another and gained strength through mutual association. This appeared to be particularly true in communities where united appeals for the arts have operated locally alongside the CFI program to the exclusion of smaller arts organizations. Communities such as Milwaukee, Winston Salem, Atlanta and Columbus offer various examples. In New Hampshire similar consensus building has led to the creation of two new arts coalitions which are expected to lead to a unified, statewide advocacy effort on behalf of mid-sized and rural arts organizations.

CFI subgrants to individual agencies have helped many emerging and expansion arts organizations "turn a corner" in their aesthetic and organizational development. For example, a CFI subgrant supported the first subscription series of young, small and possibly the only Baroque orchestra in the southeast. A second CFI subgrant later matched increases in this subscription base. For another long established Black visual arts gallery and community education program, CFI subgrants hired the organization's first part time program coordinator and later a full time administrator, leveraging three years of matching salary support on a declining basis from a state arts council. Other organizations such as a rural Fiddle and Bow music group used a series of three consecutive CFI subgrants to expand an innovative touring program for local and out-of-state professional musicians, purchase equipment and develop concert series publicity.

The CFI program has been described by artists and arts organizations in almost all communities as "their only sympathetic source of private philanthropy." One artist put it best: "It's as if a black hole existed here. There was no help for us previously. This (CFI) was the first initiative of its kind. That they still care about us after they write the check is amazing."

A welcome change from "years of applying to community foundations and being turned down", the CFI has helped to benefit a wide variety of organizations long overlooked by private philanthropy. In California, one small Kabuki dance company that had never applied for a grant in its 34 year history received a CFI grant after learning about the program in a local Japanese newspaper. In Baltimore, The Wendel Wright Concert Series, a presenting organization of young black musicians, and vocalists received its first grant from a private foundation through the CFI program. The organization used its CFI subgrant to strengthen its local fundraising through the co-sponsorship of a benefit featuring opera talents Mattawilda Dobbs and Robert McFerrin, the first black performers to join the Metropolitan Opera. While proteges sponsored by the Wendel Wright Concert Series have performed in the Clyburn Piano Competitions, with Issac Stern and as Associate Conductor of the Chicago Symphony, the organization has, until now, been of lesser reputation and of limited fundraising resources. In rural New Hampshire, CFI grants provided a "jump start" for the arts, particularly "in communities where local school district budgets for arts-in-education are $500-$600 a year," and in "mill towns where the visions of young people are only as large as the valley."

The CFI program has also improved fundraising climates for mid-sized and expansion arts groups. Corporate and individual donors impressed by the rigorous CFI selection

processes established by local community foundations, viewed CFI local grant awards as an endorsement of considerable prestige carrying the weight of peer review, community foundation and National Endowment for the Arts backing.

Consequently, agencies receiving grants for audience development or improved fundraising and management were frequently well received by other donors. The most dramatic example of this occurred under the auspice of the Greater Baltimore Foundation which elected to make all local CFI subgrants on a challenge grant basis for improvements in management, fundraising or audience development. Local grantees collectively leveraged over $300,000 in additional local private matching funds. Other foundations have also met with similar success in remote rural areas, such as New Hampshire, where agencies consistently reported surpassing their goals for audience development and increased local corporate support through the leveraged use of matching CFI subgrants.

Community outreach efforts made by community foundations, in Albuquerque, New Mexico and Providence, Rhode Island, have also demonstrated exceptional support for emerging and expansion arts organizations deeply rooted in various African, Latin, Asian, Native American and other ethnic communities. These foundations, in particular, worked to find and assist expansion arts organizations in their own settings and often in their earliest stages of formal organizational development. In each case, the foundation employed special community outreach staff with multi-lingual capabilities, experience in local community organizing and familiarity with the arts.

In Albuquerque this commitment caused the foundation to grant over 79% of its total CFI funds to expansion arts organizations, a degree of emphasis unsurpassed by any other CFI site. The Rhode Island Community Foundation elected in the third year of its program to award no less than 80% of its grant awards to expansion arts constituencies. By changing its grant application procedures and the composition of its review panel to include 98% minorities, this foundation subsequently made 22 grants to expansion arts groups and used community based organizations as fiduciary agents for many programs which had not yet obtained non-profit status. Using $10,000 in unrestricted income, The Rhode Island Community Foundation hired its community consultants "to encourage applications by giving voice to communities that traditionally do not have opportunities or access." Agencies receiving grants included a Peruvian instrumental ensemble, a small collective of Hispanic painters, a Dominican dance troupe, a Guatemala ballet folklore troupe, a Cape Verdean visual arts exhibit and lecture series, a Black Artists Coalition and a fine arts exhibition sponsored by the Rhode Island Indian Council.

II. IMPACT ON COMMUNITY FOUNDATIONS

The success of the CFI program depends on the ability of a community foundation to bring donors and emerging and expansion arts constituencies together in a willful and positive effort to support the establishment of a restricted endowment fund tailored to local needs and circumstances.

The CFI has required all localities to incorporate a variety of standard features in their program design (i.e. use of review panels; special expansion arts emphasis; development of guidelines in cooperation with relevant local arts agencies, etc.). Community foundations, however, have enjoyed substantial flexibility and latitude in developing local fundraising and grantmaking strategies to suit local circumstances.

As a result, the Community Foundation Initiative has produced a wide range of interesting results, many of which could not have been predicted in the participating locales.

These results include:

1. Unusually successful fundraising models and strategies that have raised funds in excess of matching requirements.

2. The allocation of additional community foundation discretionary funds for CFI grants distribution.

3. Significant support for individual artists.

4. Expanded use or adapation of the CFI model by other local, state and federal funding sources for distribution of other funds.

5. Improved ability among some community foundations to make other types of grants within racial and ethnic communities.

Community foundations have been unusually successful in developing fundraising models and strategies for raising local match funds. The New Hampshire Charitable Fund offers one example. An outstanding case of innovative fund development, it is also a national model for under served rural areas. This program consists of two separate, complementary components of the same restricted endowment fund which focuses on two distinctly different regions of the state facing very different arts development needs and fundraising circumstances. A major individual donor for whom one of the components of this CFI restricted endowment is named has pledged $250,000 over and above the required local match.

In another example, The Greater Rochester Area Foundation undertook its first major direct mail campaign raising its entire 4-year match in only two years time. Matching funds were provided by contributions and pledges from 122 individuals who have since contributed nearly $20,000 over match. In Baltimore, an area association of grantmakers jointly contributed $270,000 of the Greater Baltimore Community Foundation's $320,000 four year match requirement prior to submission of its application.

In Albuquerque, New Mexico and Knoxville, Tennessee, community foundations have relied predominately on annual major special events fundraising methods to raise local match funds. In Albuquerque a gala "ARTS ALIVE" premiere is used to preview the opening seasons of local arts organizations. In 1988 this event attracted an audience of

over 2,000 and featured 42 organizations and over 500 artists. The East Tennessee Foundation has held an annual "Flamingo Croquet Benefit" attracting younger, more affluent donors with interests in the community's cultural arts scene. In another case, The Sacramento Foundation conducted a major one-time only arts gala offering overnight hotel accommodations in conjunction with a new Hyatt Hotel Grand Opening. This mega-event featuring preformances and visual arts installations by local groups raised $50,000 in net proceeds over a single 3-day weekend. The gala also launched a comprehensive arts campaign inspiring local donors to subsequently contribute an additional $95,000. So successful, this "one-time" event, undertaken by a two member foundation staff and the help of volunteers from throughout the local arts community, is scheduled to be repeated in 1990 as a regular alternating year benefit.

In a few instances, foundations have also unexpectedly added their own discretionary funds to the CFI program for regranting to local arts agencies. Notably, The Columbus Foundation voluntarily distributed an additional $50,000 per year from its discretionary funds through its CFI program raising its pool of funds available to emerging and expansion arts groups to a level of $100,000 per year. The Milwaukee Foundation also allocated $15,000 per year from discretionary funds to increase its total CFI giving to $50,000 per year.

Finally, in an exceptional manner, the experience of the California Community Foundation in Los Angeles, illustrates the dramatic magnetic effect CFI funds can have in attracting other private contributions. After just three years participation in the CFI program, this foundation received a $3 Million gift from the J. Paul Getty Trust for support of emerging and mid-sized visual arts organizations and artists. Restricted to purposes very similar to those of the foundation's restricted Brody Arts Fund (which had been created by participation in the CFI program), the Getty gift was used to meet the foundations final fourth year match. Just two years into the CFI program The East Tennessee Community Foundation received an additional endowment gift of $278,000 and five new Board members when a local Business Trust for the Arts merged with the foundation in order to make more effective use of its funds. Similarly, another special restricted $2 million arts fund has also been established with The Albuquerque Community Foundation, due in part to the foundation's very visible CFI role as a responsible custodian of arts funds.

As an innovative funding mechanism, the Endowment's Community Foundation Initiative has also attracted attention among other public funding agencies. Two federal agencies have adapted the CFI program. These include the U.S. Department of Energy's pilot program use of three community foundations, located in Ohio, New York and Michigan to receive and redistribute funds from oil overcharges, and the U.S. Department of Health and Human Service's Community Foundation Challenge Grant Program for funding youth services in 1987-88.

State and local governments have also taken advantage of the CFI program. In Wisconsin, The Milwaukee County government has designated The Milwaukee Foundation as agent for the review and distribution of $1.3 million in county arts funds. The East Tennessee Community Foundation has likewise received a one-time special state appropriation of $185,500 to be re-granted throughout the eastern region of Tennessee. Both foundations attracted attention, having earned outstanding reputations for their funding of the arts as participating locales in the Community Foundation Initiative. State funding of the Tennessee Community Foundation is expected to be an on-going annual appropriation.

The Community Foundation Initiative has gained international attention for the work of The Puerto Rico Community Foundation. This foundation, the only CFI site to operate outside the mainland of the United States in an exclusively Latin culture, addresses concerns of ethnicity, community art and rural isolation in its grantmaking. Dedicated to

supporting "indigenous" art, this foundation's grants program represents the only private funding alternative to centralized government arts spending in Puerto Rico. In 1988, The Puerto Rico Community Foundation consequently attracted the attention of Nobel Laureate Costa Rican President Oscar Arias Sanchez in his search for successful models for establishing the new Fundacion Arias in Costa Rico with proceeds from the President's Nobel Peace Prize. Reportedly, The Puerto Rico Community Foundation also anticipates that it will have additional opportunities to recommend the program to other Latin American countries.

Community foundations have also unexpectedly demonstrated an unusually high level of support for individual artists. Seven foundations that have developed procedures for juring work in the disciplines of theatre, dance, visual arts and literature. Support for individual artists to date has represented 12% of total funding ranking equal in proportion to funds granted for management assistance and second only to support for program. Smaller community foundations have, in particular, supported grants to individual artists as a means of gaining access to rural and ethnic communities where emerging arts organizations may be active but not yet incorporated. Leading support for individual artists has been provided by the California Community Foundation and the New Hampshire Charitable Trust. Other foundations including E. Tennessee, Kalamazoo, Sonoma, Trident, and Vermont are also supporting individual artists.

Finally, The CFI has produced a variety of other positive but less tangible benefits. These include reported improvements in foundation abilities to stimulate grant applications for support of important health and social services needs from within ethnic and racial communities previously reluctant to approach community foundations. Outreach into culturally diverse arts communities has also prompted several foundations to employ minority staff and/or community consultants to make information and technical assistance more readily available to potential applicants. In so doing, one community foundation described the benefits by saying, "we learned we didn't know what we thought we'd known all along." Another foundation using an outside consultant reported witnessing "the best conversations over racial relations this city has ever seen" in discussions held between members of its review panel.

CFI matching funds and review panel program features have also reportedly helped community foundations better appreciate the benefits to be gained from establishing advisory boards and marketing restricted field of interest funds to multiple donors. CFI review panels have increased participation by local citizens in the affairs of community foundations and in most instances enhanced the visibility of foundations to the advantage of their long-term asset growth and development. For smaller community foundations, the CFI program has essentially created an 'instant' grants program that has launched them into the grantmaking business and the public eye, even in the absence of any major endowment assets.

For most community foundations, participation in the CFI has been a learning experience in public private partnerships - a partnership that has included fundraising risks, grantmaking gains, administrative expense and programmatic strengths and weaknesses. In every case, however, the CFI program has fortified community foundation relationships to donors and emerging and expansion arts organizations.

For most community foundations, overt fund raising for restricted endowment proved to be extremely challenging. One executive director of a large community foundation, who initially encouraged other foundations to enter the program now believes foundations should "carefully weigh the energy and time they must give against the benefits. "The return", he states, "is not going to be as great as working on deferred giving." Executive directors of other smaller community foundations that have failed to raise matching funds

have also voiced concerns. They attribute fundraising failures to "context and unusual circumstances beyond our control" and "donor disinterest in minority arts concerns." Some foundations found it necessary to "lean on" past or existing donors whose gifts could be directed to the CFI endowment. In other cases, community foundation boards reportedly were "tolerant of the program but not enthusiastic enough to use their influences outside of the family, so to speak." Some community foundations also found local arts communities "less than delighted to see an intermediary agency raising money for the arts. While they didn't stand up and cheer, they also didn't throw darts."

Most community foundations do consider the CFI matching funds to be the "hardest money ever raised" but are quick to acknowledge other "fringe benefits." None, however, believe they could have met any higher match requirements.

Foundations have described the advantages of participating in various ways. For smaller community foundations, the program has frequently "had the effect of establishing an arts priority in grantmaking far earlier than might have otherwise been the case." For these foundations "the real benefit of CFI is its focus on a disadvantaged constituency of multi-cultural organizations not likely to receive a high priority from community foundations during their early years of development." The CFI has also presented smaller community foundations an additional development tool which offers its "real incentive not to donor prospects but to the Board to mobilize."

For small foundations the development impact of the CFI program has been dramatic. In the case of one example, "largely due to the Community Foundation Initiative," the endowment of the East Tennessee Community Foundation has grown from a modest size of $I million to nearly $6 million. For larger community foundations effects on the growth of endowment have been reportedly minimal to slightly positive. It remains to be seen, as one foundation executive put it, "whether 10 years from now anyone will leave their estate to it."

Favorable effects generated by the CFI program, however, reportedly have outweighed reservations. One midwestern community foundation noted the following:

> "...in this community, the Initiative has really been a beacon of light for our arts community and the foundation. It has also made us very sensitive to how community foundations can be perceived as competitors. The issue of minority arts in this community should have made it more difficult, but in fact, has proven to be a rallying point. We have a small five member Board, all white, and an all white staff. CFI has allowed us to provide for diversity and inclusion of untold benefit for the future that will make subtle and important changes. Already, the CFI model has been replicated on three other occasions since we entered the program. In the case of (I) an Exxon energy overcharge $10 million gift distribution from the U.S. Department of Energy; (2) a $10 million gift for infrastructure building from the local county and (3) in partnership with our United Way and the Kellog Foundation for support of youth services through grants made by a youth advisory committee. Advisory committees were really new to the foundation board and something they were not at all sure about. Now its wonderful, exciting and useful. I can see the smiles on their faces."

Other positive influences cited by community foundations include:

I. Greater willingness by foundation distribution committees "to commit to the risky".

2. "Increased efforts by foundation distribution committees to ascertain the place of art

within their grantmaking priorities and increased sensitivity to changing multi-cultural demographic trends in their communities". (One foundation added its first black trustee and first black staff member during the time of its participation in the CFI program.)

3. Increased support and access to those ethnic and minority communities, with which foundations "have had too little contact in the past" building on the arts as a "non-threatening" entry point.

4. "Valued lessons in learning how to market a fund that are likely to be useful to foundations across other fields of interest."

5. "New relationships with donors with whom foundations would otherwise never had a relationship. Meeting a match requirement demanded that the foundation introduce itself to new corporations, individuals and private foundations."

6. "Increased visibility" for community foundations in the field of the arts at a level of funding never before supported by them.

Administrative procedures and expenses associated with the CFI do appear to have been costly for community foundations. Fundraising strategies in particular required extra time and staff generally not available within community foundations to "push" the CFI agenda. Unlike other "donor driven funds" the CFI restricted endowment often "changed the nature of a foundation's relationship to its donors" from one of "responding to donor interest" to one of "pushing people hard, selling a program and asking a donor to give."

Staffing review panels and managing local grant making programs has also been time consuming for community foundations. In all but two cases administrative costs for fundraising, program publicity of the program and grantmaking have been absorbed by community foundations. The "hidden" costs of participation in the CFI program were most dramatically illustrated by the California Foundation which estimated that its total direct administrative costs during the past 4 1/2 years of its participation have amounted to $98,000, far more than a typical community foundation would expect to spend administering a trust fund of its size. The Rhode Island Community Foundation also dedicated $20,000 in supplemental staff costs to administer its CFI program in order to conduct special outreach into African, Latin, Asian, Native American and other ethnic communities. Almost all foundations strongly recommend that the CFI program consider adjusting its guidelines to include support for administrative costs to increase foundation capacities for, as one foundation executive explained, "a specialist in the arts is likely to be the last program officer hired."

III. GEOGRAPHIC SITE DISTRIBUTION

The Expansion Arts Program has made a total of 26 grants to community foundations in 21 states throughout the northeast, midwest, southeast and west coast regions of the United States.

Since 1984, 64 community foundations have submitted Letters of Interest to the CFI program. Of this number, 46 were invited by the Expansion Arts Program's National Community Foundation Initiative Advisory Review Panel to apply. Grant awards were made to 63% (29) of those foundations submitting full proposals. Three foundations have withdrawn from the program leaving twenty-six foundations active in the Initiative.

Community Foundation Initiative grants were made to thirteen (13) foundations with assets over $5M and thirteen(13) with assets of $100,000 - $5M. Distribution of community foundations by asset size parallel demographics from the National Agenda for Community Foundation Data Gathering Project sponsored by the Council of Foundations. At least one Community Foundation Initiative grant has been made within each asset grouping except for among the very largest foundations with assets over $100M.

Between 1984-89, the CFI program funded an estimated 8-10% of the total number of community foundations identified by the Council of Foundations National Agenda Project reaching 30% of foundations with assets of $10M - $100M, 20% of those with assets of $2M - $5M and 24% with assets of less than $2M.

Geographically, community foundation sites are distributed across 21 different states and among communities of varying population size.

Seven community foundations qualified for the CFI program as predominately "rural" sites with rural populations of 49-100%. Two states boast more than one CFI location. Five sites are located in California (Los Angeles, Peninsula, Sacramento, Sonoma and Santa Clara) and two in Michigan (Kalamazoo and Flint). Five of these sites (Puerto Rico, New Hampshire and Rhode Island, Vermont and Maine) are statewide and one is regional (Central Minnesota). The least ethnically diverse urban CFI site operates in a community with a tri-county area minority population of 12% compared to an inner city population for the same area of 29% minority.

NATIONAL ENDOWMENT FOR THE ARTS

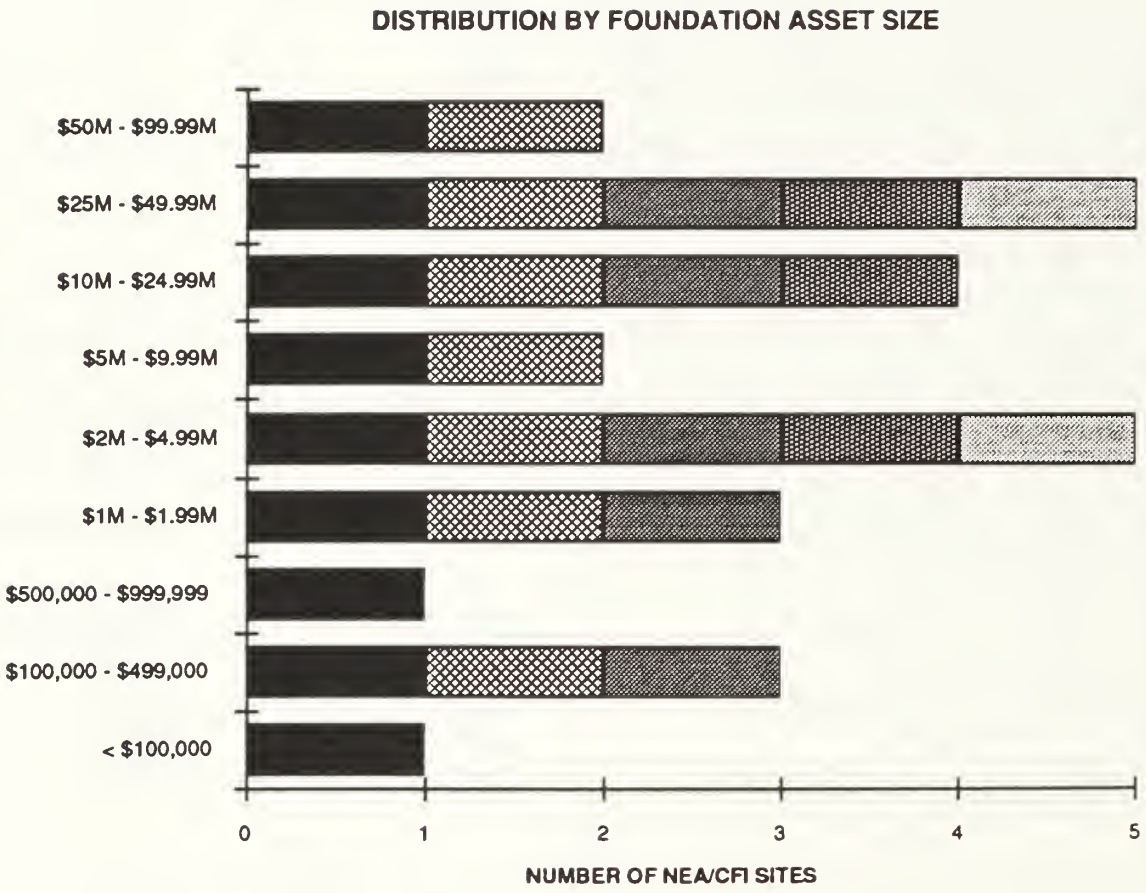
COMMUNITY FOUNDATION APPLICANT POOL

Sites	Date	Number of Applicants	Number Invited	Number Funded	Number Unfunded Repeat Applic.	Number Withdrawn	% Funded
Rd I	3/84	12	9	7	0	0	77
Rd II	12/84	21	13	6	1	2	30
Rd III	11/85	12	7	4	1	1	57
Rd IV	11/86	11	9	6	1	0	66
Rd V	11/87	3	3	3	0	0	100
Rd VI	11/88	5	5	3	0	0	60
TOTAL		**64**	**46**	**29***	**3**	**3**	**63%**

* Withdrew: Washington DC
Oregon
San Diego

TOTAL PROGRAM INVESTMENT
National Endowment for the Arts
Expansion Arts Program
Community Foundation Initiative Grantees
(1984 - 1989)

Community Foundations	1984	1985	1986	1987	1988	1989	Total Program Investment
Round I							
Albuquerque	36,000	36,000	36,000	36,000			
Baltimore	40,000	40,000	40,0000	40,000			
California	100,000	100,000	100,000	100,000			
Columbus	50,000	50,000	50,000	50,000			
New Hampshire	50,000	50,000	50,000	50,000			
Rhode Island	50,000	50,000	50,000	50,000			
Winston-Salem	50,000	50,000	50,000	50,000			
Round II							
Atlanta		50,000	0	0	0		
Milwaukee		35,000	35,000	35,000	35,000		
Rochester		25,000	25,000	25,000	25,000		
Tennessee		40,000	49,000	47,500	48,000		
Round III							
Kalamazoo			50,000	50,000	50,000	50,000	
Richmond			25,000	25,000	25,000	25,000	
San Diego			75,000	0	0	0	
Tucson			30,000	30,000	30,000	36,000	
Round IV							
Maine				50,000	50,000	50,000	
Minnesota				50,000	50,000	50,000	
New Orleans				25,000	0	25,000	
Peninsula				50,000	50,000	50,000	
Puerto Rico				56,000	56,000	56,000	
Trident				30,000	0	30,000	
Round V							
Sacramento					50,000	0	
Sonoma					50,000	50,000	
Vermont					25,000	50,000	
Round VI							
Flint						25,000	
Jacksonville						50,000	
Santa Clara						50,000	
Total Federal Grant Amount	**376,000**	**526,000**	**665,000**	**849,500**	**544,000**	**579,000**	**3,557,500**
Total Private Match (2:1)	**752,000**	**1,052,000**	**1,330,000**	**1,699,000**	**1,088,000**	**1,194000**	**7,115,000**
Total Program							**10,672,500**

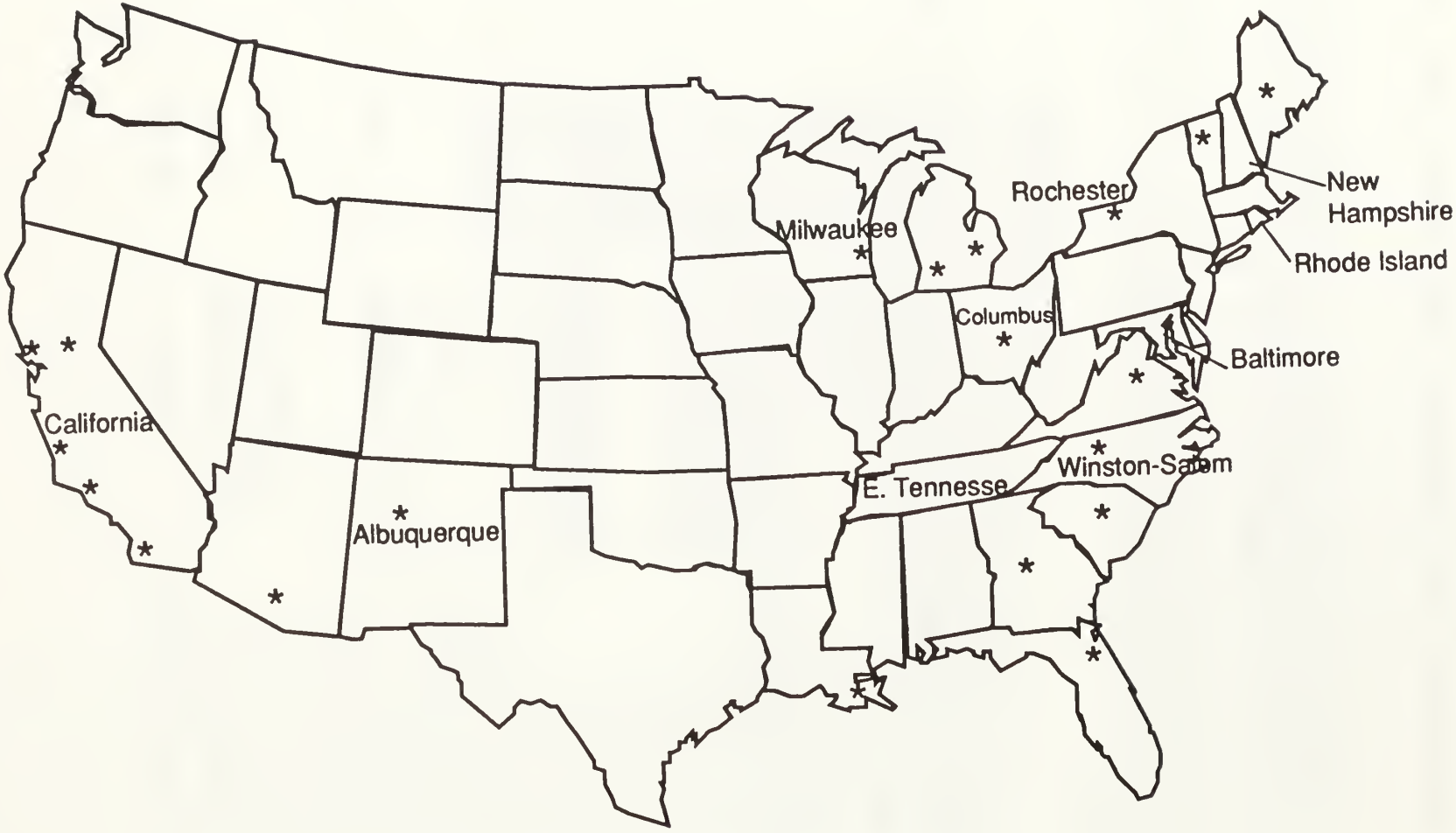

DISTRIBUTION BY FOUNDATION ASSET SIZE
$50M - $99.99M
$25M - $49.99M
$10M - $24.99M
$5M - $9.99M
$2M - $4.99M
$1M - $1.99M
$500,000 - $999,999
$100,000 - $499,000
< $100,000
0
1
2
3
4
5
NUMBER OF NEA/CFI SITES

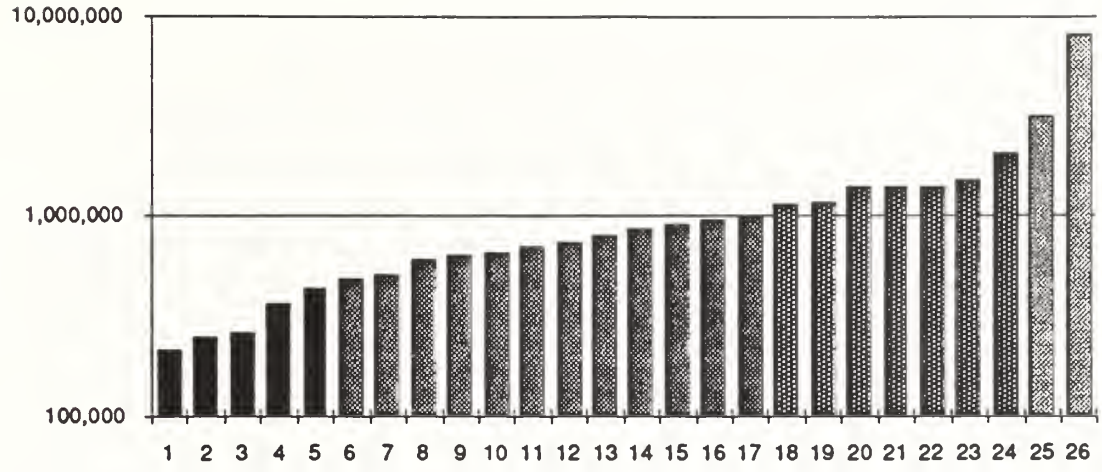
DISTRIBUTION OF CFI SITES BY FOUNDATION ASSET SIZE

In 1988, The National Agenda for Community Foundations, Data Gathering Project surveyed 319 Community Foundations and received 115 responses. A 'Master' mailing list of 309 community foundations was compiled based on 1987 assets and 1987 grants lists against which to measure survey results.

Findings of the Data Gathering Project are presented in the following tables as a basis for comparison with the distribution of NEA/CFI sites by asset size presented in Column D. Community foundation asset size is recorded as of the date of entry to the CFI program.

Asset Group Size	Component Assets '87	Number	NEA/CFI
$100M or more	$2,643,874,307	11	
$50M - $99.99M	$ 388,137,808	6	2
$25M - $49.99M	$ 272,796,324	8	5
$10M - $24.99M	$ 190,918,618	12	4
$5M - $9.99M	$ 129,406,827	18	2
$2M - $4.99M	$ 81,109,455	26	5
$1M - $1.99M	$ 16,556,729	11	3
$500,000 - $999,999	$ 7,913,815	10	1
$100,000 - $499,999	$ 1,917,510	7	3
<$100,000	$ 226,834	6	1
TOTAL NEA/CFI			**26**
Total/'88 Survey	**$3,732,858,227**	**115**	
Total/Master List	**$4,718,953,055**	**309**	
% Total/'88 Survey	**79.10%**	**37.22%**	**8.4-10.24%**


Rochester
New Hampshire
Milwaukee
Rhode Island
Columbus
Baltimore
California
Winston-Salem
E. Tennesse
Albuquerque



NEA/CFI SITE DISTRIBUTION BY AREA POPULATION SIZE

Population Size of less than 450,000 - (4):

1	Kalamazoo	212,378
2	Central Minnesota	247,407
3	Winston Salem	264,786
4	Sonoma	365,000

Population Size of more than 450,000 and less than 1,000,000 - (12):

5	Flint	440,000
6	Trident	484,907
7	Vermont	511,462
8	Albuquerque	600,000
9	Tuscon	642,400
10	E. Tennessee	647,148
11	Rochester	707,800
12	Peninsula	746,000
13	Richmond	796,000
14	Columbus	876,893
15	New Hampshire	920,000
16	Rhode Island	947,154

Population Size of more than 1,000,000 and less than 3,000,000 (7):

17	Jacksonville	1,000,000
18	Maine	1,160,000
19	Sacramento	1,185,000
20	Baltimore	1,400,000
21	Milwaukee	1,400,000
22	Santa Clara	1,400,000
23	New Orleans	1,500,000
24	Atlanta	2,029,000

Population Size of more than 3,000,000 and less than 10,000,000 - (2):

25	Puerto Rico	3,200,000
26	California	8,000,000

IV. MODEL BUILDING: LOCAL GRANTS PROGRAMS

The Community Foundation Initiative has allowed community foundations substantial flexibility and latitude in designing local grants programs to suit local circumstances.

Local programs have provided grants principally for program and general operating support, management assistance, individual artists, training and outreach, space and equipment. Grantmaking techniques have included the use of local matching or challenge grant provisions, fellowships, recognition awards, multi-year commitments, collaborative "joint venture" project grants, standard apportionment of funds to eligible agencies and designated geographic target areas.

Local management of CFI programs has been markedly staff intensive requiring 5-30% of the time of community foundation program officers to handle local grants administration not including additional time spent by Trustees and Executive Directors in fundraising. Over 300 local arts and civic leaders serving as members of community foundation CFI review panels also contribute time and effort beyond estimate.

Establishing local CFI grantmaking programs has often necessitated increased participation by community foundations in local comprehensive cultural development planning. In at least two locations, CFI grant programs have influenced the course of local united arts appeals. In one , the local CFI program received the remaining assets of a discontinued united appeal. In another, a local united appeal opened its membership to additional mid-sized organizations funded by CFI but previously precluded from united arts appeal membership.

In the case of four foundations, local grant making programs earned such outstanding local reputations that major public and private sources sought community foundation assistance to distribute additional private and public arts funds using CFI procedures. Foundations included the California Community Foundation (J. Paul Getty Foundation Funds), The Milwaukee Foundation (county funds), Rhode Island Community Foundation (state funds) and East Tennessee Community Foundation (state funds).

V. COOPERATING LOCAL ARTS COUNCILS

Community foundations were required to collaborate with relevant local arts agencies in development of guidelines and policies, review panel procedure and technical assistance programs. Cooperation with local arts agencies varied widely.

The Community Foundation Initiative strongly encourages community foundations to develop cooperative working relationships with relevant local arts agencies in their area. Relevant agencies have included municipal or state arts councils, united appeals for the arts, or private independent community arts councils. Community foundations have benefited in every case from the information and staff expertise of these agencies.

The nature and extent of cooperation has varied. Benefits of cooperation have included assistance in:

1. Identifying emerging and expansion arts organizations.

2. Determining review panel policies, procedures and composition.

3. Providing technical assistance services to grantees.

In some locations, working relationships between community foundations and local arts agencies have been less pronounced limited to providing mailing lists, program publicity, background information and referrals, (California, Rochester, Columbus, Albuquerque, Winston Salem).

In other cases, the CFI has actively reinforced roles of state or local arts councils (New Hampshire, Rhode Island, E. Tennessee). This is particularly true in communities of under 250,000, such as Kalamazoo or Central Minnesota, where the advent of the CFI program "has dramatically increased the visibility and the credibility of local arts councils" in partnerships with community foundations and as a focal point for including "Blacks, Hispanics, men, women, artists, arts managers and arts philanthropists." In the north country of rural New Hampshire, the CFI has helped advance a complementary State Arts Council Rural Initiative. Grants made by the CFI have served to strengthen rural arts councils that are expected will develop into a network of presenting organizations with additional state funding. In Maine, a very strong state arts council brought the CFI to the attention of the foundation. In North Carolina, the state arts council provided the Trident Community Foundation with a grant of $10,000 for support of the costs of hiring an expert consultant specializing in arts administration and expansion arts.

Working closely with its state arts council, the Rhode Island Community Foundation initially used existing state review panel procedures to provide the foundation with grant recommendations during the first three years of its participation in the CFI program. Later, the foundation and the state arts council jointly agreed to establish a "minority arts" review panel under the direct auspice of the foundation in 1988 to enable the CFI to reach an even larger and more diverse number of expansion arts organizations. This agreement included the unprecedented possibility of using additional state funds in community foundation distributions.

In the exceptional case of Baltimore, the CFI program has been positioned to "graduate" emerging and expansion arts organizations into a major, new and innovative technical assistance program of the Maryland State Arts Council which is funded by the Challenge Grant III Program of the National Endowment of the Arts. Modeled after the Endowment's Advancement Grants Program, this state operated technical assistance program will provide two to three years of strategic planning assistance, consultants, and accelerated organization development support to selected organizations. Together the two programs offer significant opportunities for the step level advancement of local arts groups.

VI. MATCHING FUNDS

All community foundations in the CFI program have found it extremely challenging to raise local private matching funds.

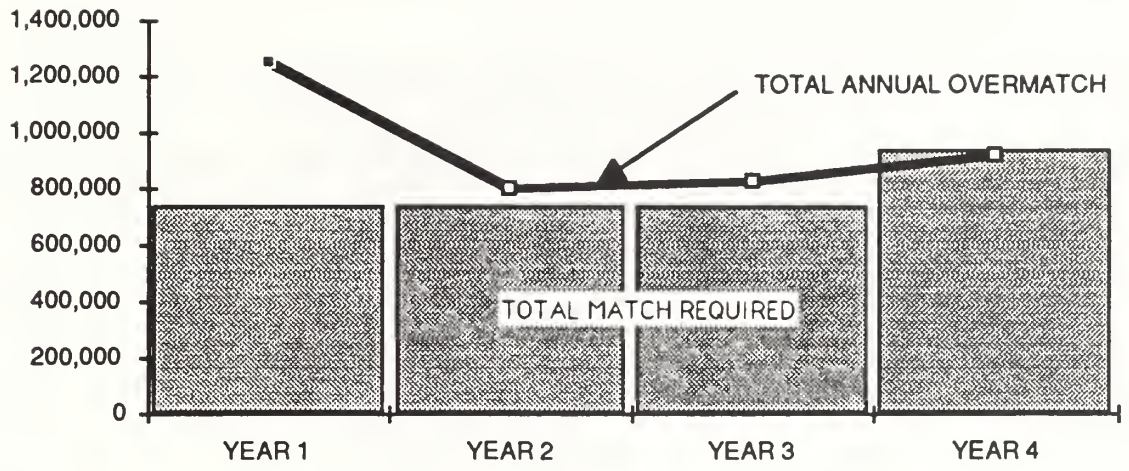
Unaccustomed, as a general rule, to aggressively soliciting funds for restricted endowment building purposes, the majority (6) of community foundations that have completed four years participation in the Community Foundation Initiative program are older and more established institutions. Remaining community foundations (4) are younger or smaller community foundations typically engaged in more aggressive asset building and have used the program as a natural stimulus for accelerating endowment growth. Together, these foundations have collectively raised nearly $500,000 in excess of matching funds requirements.

Raising matching funds, however, was not successful in all cases. Three smaller community foundations withdrew from the program (Washington, D.C., Oregon, San Diego) and one has reduced its grant award from $75,000 to $25,000 (New Orleans). Another foundation after requesting two, one-year extensions, to meet matching funds requirements has failed to raise the fourth year final match. Five foundations have found it periodically necessary to restrict a total of $560,000 in otherwise 'unrestricted' existing endowment funds for "internal transfer" into their CFI 'restricted' endowment fund to meet the required federal match.

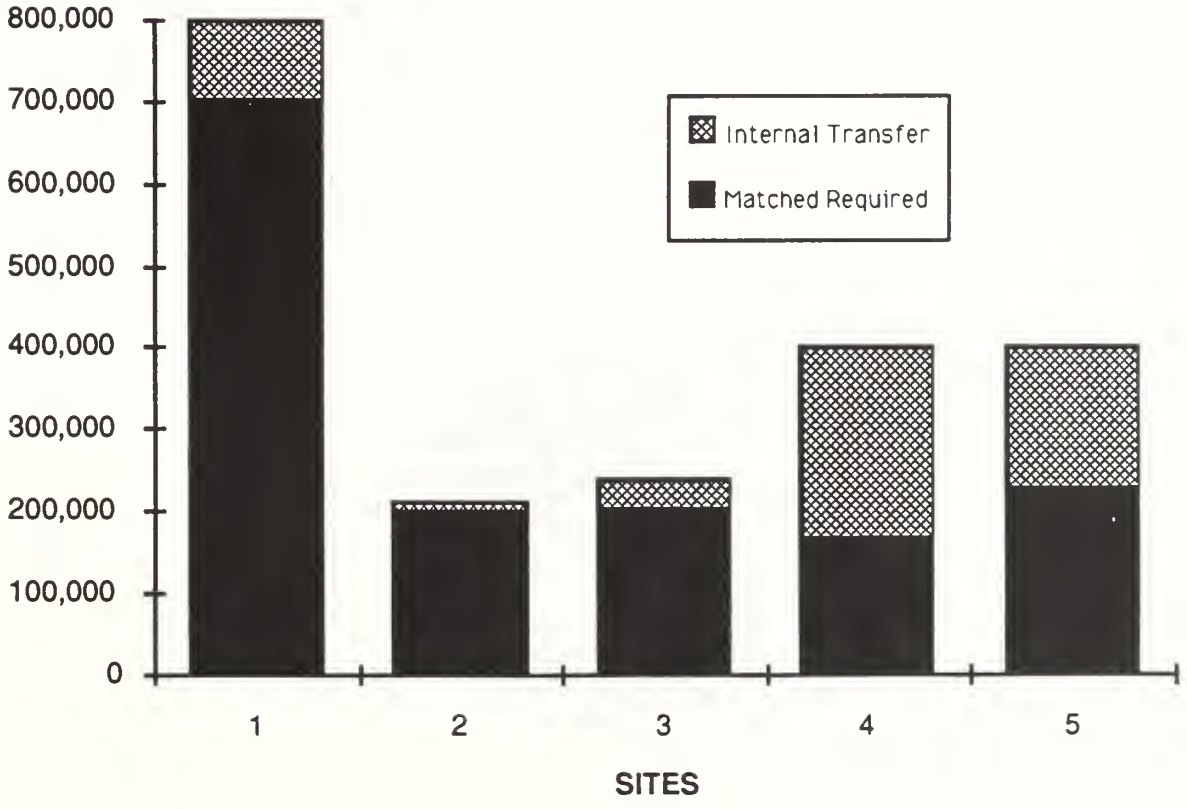
To raise matching funds community foundations have used a variety of local fundraising strategies including special events fundraising, small donor direct mail contribution campaigns, mixed corporate and major individual donor appeals, collaborative funding through local area associations of grantmakers and even charitable gambling proceeds from bingo.

The largest percent of local matching contributions to the Community Foundation Initiative program have been made by other foundations (31%), followed by individuals (26.4%), corporations (18.8%), and community foundations themselves using "internal transfer" of unrestricted funds for restricted purposes (13.7%). Only limited efforts have been made to verify that community foundations meet matching funds requirements with new or increased contributions from private donors. Overall, 247 individual, 222 corporation and 69 foundation gifts were reported by CFI Round I and II sites. These figures, however, are not adjusted for multi-year contributions which did occur.

OVERMATCH PROFILE



INTERNAL TRANSFER OF FUNDS

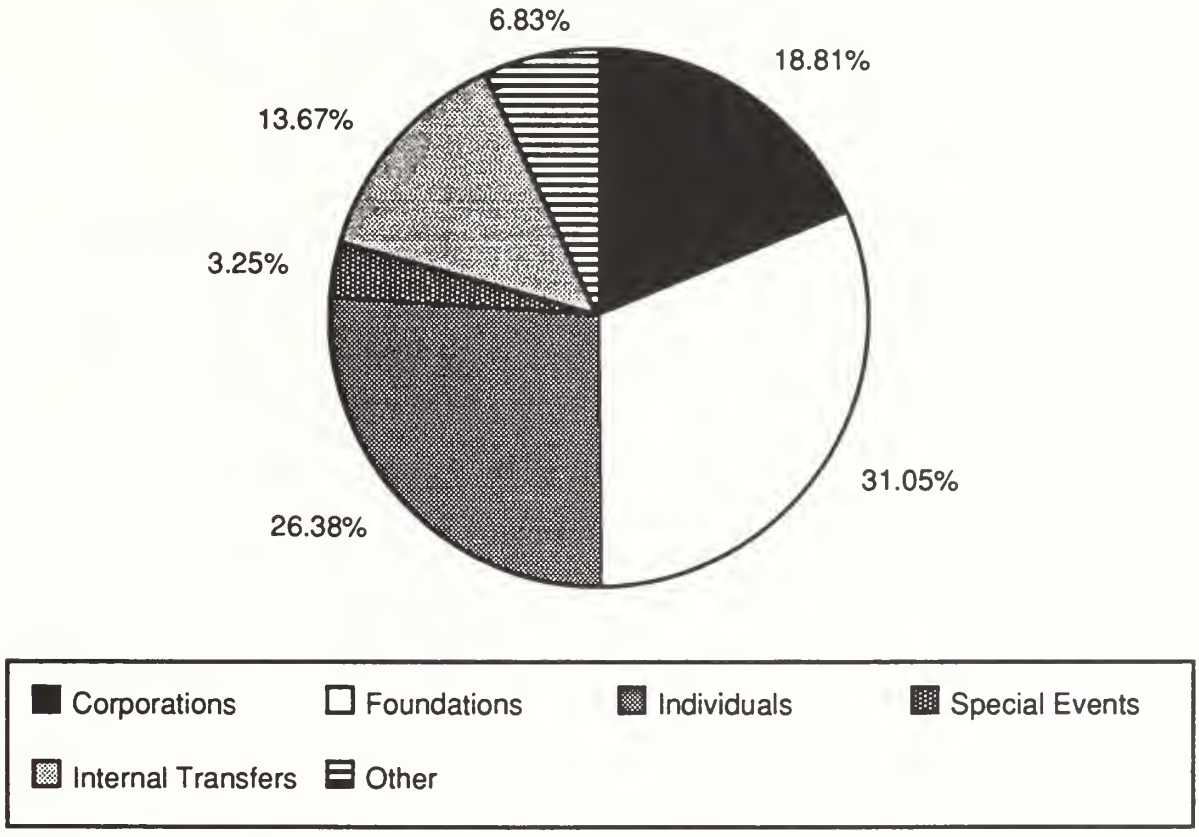


MATCH SOURCE PROFILES

INTERNAL TRANSFER OF FUNDS

Site	Match Required	Internal Transfer $	% of Total Funds Transfered	# Donors	Year
California	800,000	100,000	13	1	I
Milwaukee (3 years only)	210,000	14,000	7	2	II,III
E. Tennessee (3 years only)	240,000	37,750	15	1	III
Rhode Island	400,000	234,325	59	4	I,II, III,IV
Winston Salem (3 years only)	400,000	175,000	44	3	I,II,III
TOTALS	**$2,050,000**	**$561,075**	**27.3%**	**11**	

MATCH SOURCE PROFILES BY CATEGORY



TOTAL MATCHING FUNDS RAISED

$4,103,779

MATCH SOURCE PROFILES
SUMMARY BY CATEGORY

(Round I & II Only)

1984 -1989*

Categories	$	%
Corporations	771,962.00	18.8
Foundations	1,274,200.00	31.0
Individuals	1,082,500.00	26.4
Special Events	133,565.00	3.3
Internal Transfers	561,075.00	13.7
Other	280,477.00	6.8
Total	**4,103,779.00**	**100.0**
Less Total Match Required (10 Sites)	**3,610,000.00**	
Over Match	**493,779.00**	13.7

* Excludes Atlanta. Includes Rochester Area Foundation Full 4 Year Match.

VII. ENDOWMENT BUILDING

Nearly all community foundations have been unable to accumulate matching funds at a rapid enough rate to build restricted endowment funds of a large enough size to achieve sufficient investment earnings. Of the "first" 10 community foundations participating in the CFI, none have large enough restricted endowments to sustain their current level of CFI grantmaking out of interest earnings.

Degrees of difficulty in raising sufficient funds is illustrated vividly by the use of "internal transfer of funds" whereby existing unrestricted endowment funds are voluntarily restricted by foundation boards for the purpose of meeting Community Foundation Initiative 2:1 matching funds requirements. Among the first ten community foundations participating in CFI, half (5) have partially met their match requirement through internal transfers of funds. Two foundations have relied upon internal transfer of funds to meet over 58% of their match requirements. Although a measure of their commitment to the program, these internal transfers do not technically represent a leveraging of any net increase in private local support of the arts.

If the use of internal transfers of funds were disallowed by the Expansion Arts Program, four sites to date may not have been able to satisfy matching requirements triggering a loss of nearly $250,000 in federal matching funds to local arts communities. By comparison, however, six sites completing participation in the program have raised restricted CFI endowment funds in excess of matching requirements. Two (California and New Hampshire) foundations received major gifts which overmatched their CFI grant awards by more than $200,000 each.

Of greatest concern, however, has been the inability of community foundations to build endowments of sufficient size, at a fast enough rate to be able to maintain their giving solely out of interest earnings. Interest earnings on restricted CFI endowment were expected to support a level of giving at least equal in size to the National Endowment for the Arts' federal share by the end of four years participation in the program.

Inability to achieve this goal is attributed to four factors:

1. Slow and gradual accumulation of restricted endowment principal due to drawn-out fundraising efforts over a four year matching grant cycle which prevents principal from being fully compounded and limits more aggressive investment management strategies;

2. Radically fluctuating and/or declining interest rates and stock market trends;

3. Adherence to "prudent man" investment strategies by community foundations seeking to invest for both current gain and long-term appreciation; and

4. Adoption of 6-7% payout policy by most community foundations reducing effective yields for grant making purposes on restricted funds to virtually a 50% reduction in the level of funds available for grantmaking beyond a site's final year participation in the Community Foundation Initiative.

Commuity foundations have consequently urged the endowment to reevaluate its guidelines and procedures to consider:

1. Extending the program's matching grant cycle from four to five years in length to allow for the accumulation of a larger endowment;

2. Providing for the release of the Endowments full four year grant committment in year one of the program to allow for greater interest accumulation and appreciation through more aggressive investment practices;

3. Broadening the restrictions of the program to encompass the needs of local arts communities at-large permitting community foundations to do greater broad gauge funding and fundraising for support of the arts in addition to concerns for emerging and expansion arts organizations.

Overall, most community foundations are presently attempting to sustain levels of giving beyond their final years participation in CFI by providing temporary supplemental funding from other unrestricted funds, directing worthy grant proposals to other donor advised funds, extending the use of special events fundraising activities to continue to build restricted endowments, and/or incorporating the distribution of additional public funding contributed by state arts councils.

CFI ENDOWMENT PROFILES

(Rounds I & II)

Rnd	Site	Match Required	Interest Earnings 85	86	87	88	89	Rate of Return 85-86	86-87	87-88	88-89	Investment Type	Endowment Value
I	Albuquerque	240,000	---	4,961	8,455	12,294	---	8.2	7.0	6.8	---	CD's	240,791
I	Baltimore	320,000	9,859	16,914	22,199	---	---	20.47	12.27	9.31	---	Inv. Acct.	400,040
I	California	800,000	---	---	---	---	---	---	---	---	---	Mixed AAA S/B	585,353
I	Columbus	400,000	26,333	15,263	7,399	5,990	---	26.3	7.6	2.5	1.5	N/A	440,187
I	New Hampshire	400,000	1,441	7,418	11,760	19,585	---	8.55	14.28	-.97	12.74	Stocks & Bonds	430,032
I	Rhode Island	400,000	3,731	5,316	14,518	20,815	---	10.4	---	---	---	Pool Inv. Fnd.	456,613
I	Winston Salem (3 years only)	400,000	6,398	10,930	17,844	---	---	12.1	4.2	8.9	---	Pool Inv. Fnd.	318,252
II	E. Tennessee	320,000	N/A	---	---	---	---	9.5	3	14.42	---	51% Equities 30% Fixed 19% Cash	500,383*
II	Milwaukee (3 years only)	280,000	---	2,706	6,901	11,250	---	6.5	6.9	7.3	---	Mixed	229,154
II	Rochester	200,000	---	161.18	5553.83	8747.83	11640.85	20.69	21.52	-l.43	8.51	Stocks & Bonds	225,435.27

* Includes $278,000 in additional donor advised funds provided by a local Business Trust for the Arts in 1986.

VIII. MAINTENANCE LEVELS OF EFFORT

In raising matching funds neither community foundations nor the National Endowment for the Arts Expansion Arts Program have rigorously enforced the CFI program guidelines requiring foundations to maintain levels of funding for the arts from existing discretionary funds.

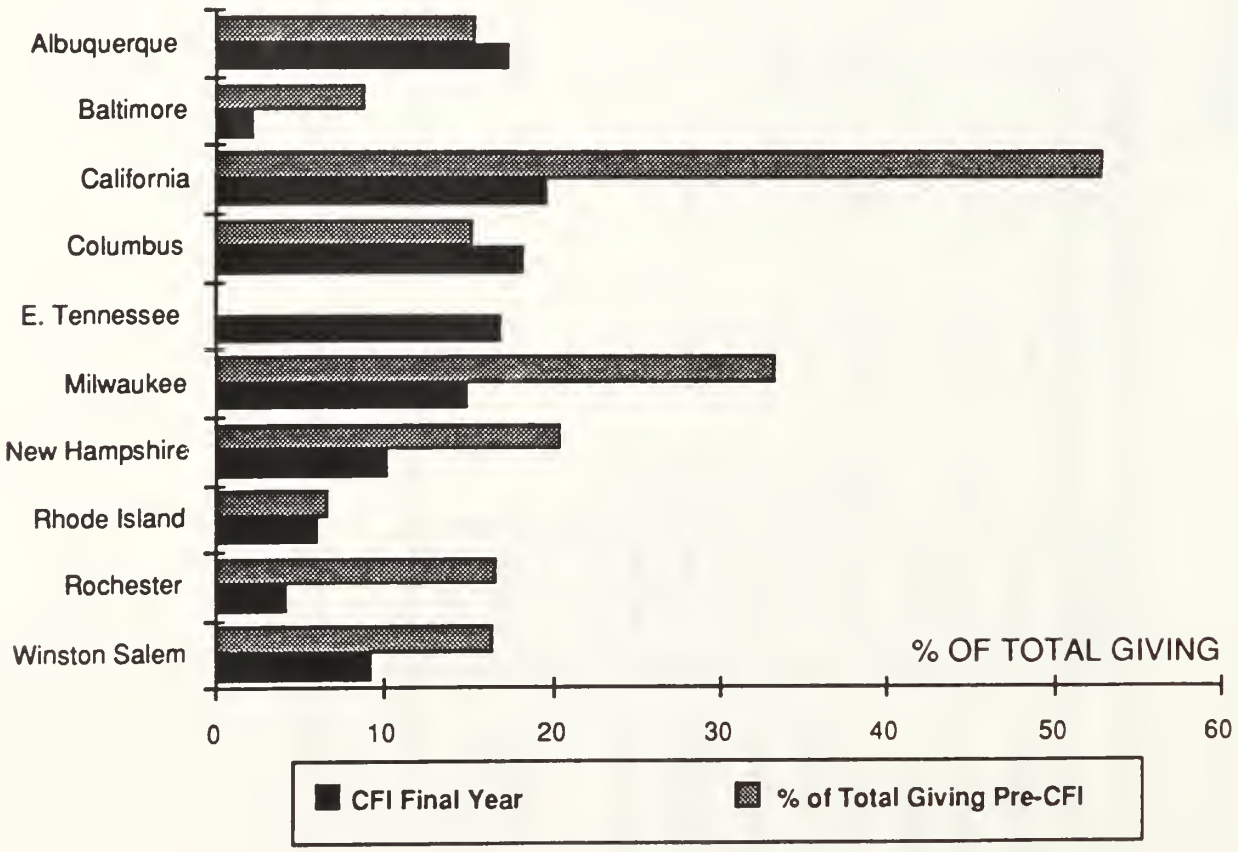
Independent discretionary funding of the arts by community foundations appears to have slightly declined on average over the four year grant award period of the Community Foundation Initiative as both a percentage total giving and total dollar amount.

Declining trends in independent discretionary local arts funding by CFI foundations during 1984-89 are most likely due to:

1. Continuing growth in other competing areas of priority concern to community foundations and donors, such as the homeless and AIDS that outpace interest in the arts; and
2. The traditionally low appeal small, medium-sized, emerging and "minority" arts organizations hold for donors and community foundation Board of Directors.

However, once established, restricted endowments created by the Community Foundation Initiative offer arts groups permanent and additional access to a strong and more stable threshold of private support for the future.

MAINTENANCE LEVEL OF EFFORT



IX. FACTORS AFFECTING SUCCESS

Just as there is no single model for success in the local growth and development of a community foundation, there is no one formula for successful local management of a Community Foundation Initiative program.

Observations drawn from the past five years of the Community Foundation Initiative program, however, suggest that community foundations are more likely to experience success in the absence of:

1. Other competing fundraising initiatives or campaigns planned or already underway within a local arts community, that may demand the community foundation's attention or strategically influence its own internal priorities for endowment building and/or program development.

2. Strong, established patterns of local fundraising "turf" and "tension" between major and small arts organizations for the same limited donor base.

3. Recent or controversial experiences with a prominant, declining or failed united arts appeal.

4. New or historically overriding local government funding patterns.

5. Sudden economic downturn conditions in local economies.

6. Public crises in confidence in local cultural development due to notable failure(s) by local arts agency(s).

Possibilities for success appear to be greatest in communities that enjoy:

1. Strong stable community foundation leadership at board and staff levels that already favors community participation in endowment building and distribution decisions through the use of advisory panels in the management of existing donor advised funds;

2. Adequate administrative support provided either by the foundation itself or on occassion from small administrative grants provided by the Endowment; and

3. Benefits of cooperative relationships with local arts agencies or other major private arts donors who have an appreciation for comprehensive arts planning and therefore perceive the Community Foundation Initiative as an additional tool or building block for responding to the needs of emerging and expansion arts organizations within the context of a total arts landscape and marketplace.

In addition, younger or revitalizing community foundations have appeared to be more aggressive and less constrained by more traditional or demure deferred-giving and estate planning practices preferred by many older and established foundations. Fewer preconceptions regarding the role of a younger community foundation in a local community, also appear to enable these foundations to capitalize on the introduction of a new and instant grants program and endowment drive while not necessarily competing with emerging arts organizations for funds or diverting donor attention from major arts institutions.

Larger community foundations with already established grants programs for larger arts organizations are reportedly more often perceived to be competing with major institutions for donor attention in their efforts to fund the Community Foundation Initiative program.

X. CONCLUSION

> **"A community foundation is a mixed bag of giving and so their giving in the arts is only one aspect of their vision. Depending on their perception of any particular art form, an arts agency's validity may vary. This is a problem both in terms of the foundation itself and vis-a-vis the artist and the community at large as to what a viable mixed arts fabric is in a city."** Artist, Columbus, June 1989.

Introduced in 1984, the Community Foundation Initiative predates accelerating public interest in the 'building of community foundations' prevalent among such national foundations and other groups as The Ford Foundation, The Kellogg Foundation, National Community Foundation Agenda and the Council on Foundations. Among those most interested in the growth of American philanthropy in recent years, 'field-of-interest' matching challenge grants made to community foundations to stimulate endowment building have become the means of choice for increasing charitable resources in communities. These matching grants programs like the CFI influence the program development priorities of community foundations. Unlike the CFI program, however, these programs allow community foundations to select a 'field-of-interest' to develop and market in order to meet challenge grant requirements. Challenge grant programs of this kind have also generally provided support for administrative costs, which has not been a feature of the CFI program.

Acknowledged as the first program of its kind in this genre, The Community Foundation Initiation challenged the ingenuity of community foundation Boards and staff early on to devise both grantmaking and fundraising strategies suited to marketing a field-of-interest to multiple donors. It also insisted on forms of cooperation and shared authority with local advisory review panels in developing policy, procedures and the distribution of grant awards.

These forms of cooperation were very different from the traditional or standard community foundation approach to grants management and donor relations. The mandate of the Expansion Arts Program of the National Endowment for the Arts also defined program priorities for community foundations requiring that "special emphasis" be given to emerging mid-sized and expansion arts organizations deeply rooted in and reflective of culturally diverse, inner city, rural or tribal community cultures. This `field-of-interest' thus superimposed on community foundations, fostered an emphasis on cultural "diversity" in the arts not unfamiliar to community foundations but often as of yet not reflected in their grantmaking.

Using the leverage of essentially federal 'pass-through' funds, the CFI, consequently, gives community foundations the impetus to address a unique but somewhat less than popular field-of-interest. However, even willing community foundations, notably, have found it markedly more difficult to rally donor interest in support of this field-of-interest, so much so that some observers have encouraged community foundations to "consider lining up gifts even before applying for a (CFI) challenge grant."

The Community Foundation Initiative, however, has succeeded in every participating locale to increase community foundation support for vital, but yet often less well-known and historically under valued emerging, mid-sized and expansion arts organizations.

An innovative public private partnership, the Initiative has also modeled for government, philanthropists, private donors, and artists alike a new collaborative, co-ventured approach to both grantmaking and endowment building that not only responds to current needs but invests in the future.

For some communities, the CFI has re-invigorated 'long' established foundation priorities for giving almost exclusively to large dominant cultural institutions. In others it has been the leading priority for giving in the arts. In every case, the Initiative has set precedents in the levels of private support granted to emerging and expansion arts organizations and in the use of review panels to ensure cultural diversity in program development and grant distributions.

The CFI program has been a "model building" initiative. It has filled a difficult niche in every community which is its strength and its challenge. Banking on the flexibility and durability of community foundations as vehicles for supporting emerging and expansion arts organizations, the Initiative has used relatively short-term and modest levels of federal funding to immediately increase local capacity and permanently seed the financial future for many "lesser known" artists and arts organizations. Consequently, patterns and priorities of private giving in the arts among some of the country's leading and fastest growing community foundations have been permanently changed.

Despite the administrative challenges to community foundations, the CFI has significantly benefited emerging and expansion arts organizations with new and higher levels of community foundation funding from which there can be no retreat. Of lasting value these new and higher levels of funding are supported by irrevocable restricted CFI endowments with the implicit capacity to attract other private donors seeking an effective and efficient means for contributing to the arts and the nation's cultural diversity. The full potential of this legacy, stands still to be inherited by the artists, audiences and communities of our common future.